

**New Jersey Turnpike Authority
Financial Summary
For the Six Months Ended June 30, 2015**

ACTUAL REVENUE - January - June	\$ 816,610,000
ESTIMATED REVENUE - July - December	861,149,000
<i>Projected Annual Revenue</i>	<u>\$ 1,677,759,000</u>
 ESTIMATED ANNUAL OPERATING EXPENSES	 485,593,100
<i>Projected Net Revenue</i>	<u>\$ 1,192,165,900</u>
 DEBT SERVICE REQUIREMENTS	 687,820,300
CHARGES FUND	1,150,000
SPECIAL PROJECT RESERVE FUND	20,900,000
MAINTENANCE RESERVE FUND	87,058,000

The following un-audited results are for the six months ended June 30, 2015.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2015, the Authority is projected to have a debt service coverage ratio of 1.73 and a total requirements coverage ratio of 1.50.

The Authority's total revenue for the six months ended June 30, 2015 was \$816,610,000 which is \$5,110,000 or 0.6% above projections. The increase is due to greater than expected toll revenue of \$719,420,000, which was \$5,472,000 or 0.8% above projections despite the coldest winter in New Jersey since the winter of 1993-1994 and two declared state of emergency weather events. Since March 2015, however, favorable weather and gas prices have had a positive effect on traffic and revenue, as has the newly widened section of the New Jersey Turnpike. Income from investments was \$5,467,000, which is \$2,733,000 or 33.3% lower than projected as short term interest rates have not increased as expected. The lower than projected interest income is offset by higher than anticipated receipts of Concession and Miscellaneous revenue. Concession revenue totaled \$17,275,000, which is \$439,000 or 2.6% above projections due to higher than expected commissions received on diesel fuel sales on the New Jersey Turnpike. Miscellaneous revenue was \$7,366,000, which is \$1,251,000 or 20.5% above projections due to greater than anticipated sales of surplus properties.

For the six months ended June 30, 2015, traffic on the New Jersey Turnpike ("Turnpike") increased 5.9% and toll revenue increased 6.6% as compared to the same period in 2014. The increases in traffic and revenue are due to a relatively warm and dry spring, less severe winter weather and lower fuel prices in the first six months of 2015 than those in 2014. Traffic and revenue were negatively impacted by winter storms Juno and Thor in February and March, respectively. These storms resulted in 1,037,000 fewer transactions and \$4,615,000 less revenue when compared to the same days last year. When eliminating these storms, traffic and revenue would have increased 7.0% and 7.7%, respectively. The results exceed the projections forecasted by CDM Smith, the Authority's traffic engineer, for the six months ended June 2015 of 5.6% for traffic and 5.2% for revenue. CDM Smith, which released an investment grade study in May 2014, projects 2015 annual traffic and revenue growth of 3.7% and 3.6%, respectively. Through the first six months of 2015, the E-ZPass usage rate on the New Jersey Turnpike was 81.8%, an increase from 81.4% for the same period in 2014.

For the six months ended June 30, 2015, toll transactions and revenue on the Garden State Parkway ("Parkway") each increased 1.2% when compared to the same period in 2014. As with the Turnpike, these increases can be attributed to better weather and lower fuel prices during the first six months of 2015 relative to the first six months of 2014. Toll transactions and revenue were negatively impacted by winter storms Juno and Thor, resulting in 1,846,000 fewer toll transactions and \$1,983,000 less revenue. When adjusting for these storms, Parkway traffic and revenue would have increased 2.2% and 2.3%, respectively. The adjusted results for the Parkway, however, are lower than CDM Smith's projected increases of 4.2% for toll transactions and revenue for the six month period. For 2015, CDM Smith forecasts annual increases of 2.6% for both toll transactions and revenue on the Parkway. Through June, the 2015 E-ZPass usage rate on the Parkway was 78.8%, up from 78.1% for the same period in 2014.

Operating expenses for the six months ended June 30, 2015 were approximately \$255,542,000, which was 106.3% of the year-to-date budget. The Authority has spent \$32.3 million from its operating budget for snow removal costs. Consequently, the Authority has already exceeded its \$14.5 million annual operating budget for snow and severe weather costs. The Authority has also spent an additional \$14.0 million out of a \$15.0 million annual budget for snow removal from the General Reserve Fund. The annual budget for snow and severe weather costs is determined based upon the five-year rolling average for such costs. State of Emergency weather events are budgeted and charged to the General Reserve Fund. All other weather related events are budgeted and charged to operating expenses. All other operating expenses are at or below year-to-date budgeted levels. Discretionary spending and budgetary guidelines will be closely monitored and adhered to throughout the remainder of the year in order to control operating expenses.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the six months ended June 30, 2015, total expenditures were approximately \$46,846,000. Expenditures included \$10,884,000 for Turnpike Bridge Repairs, \$7,438,000 for Turnpike Resurfacing, \$7,308,000 for Parkway Bridge Repairs, and \$5,543,000 for the Radio Replacement Project. There are current commitments in the Capital Budget of \$79,322,000. In addition to the Capital Budget, the General Reserve Fund expenses totaled approximately \$206,137,000 and consisted of \$162,000,000 for State Transportation Capital Plan payments, \$14,030,000 for Extraordinary Snow costs and \$11,000,000 for the Transportation Trust Fund.

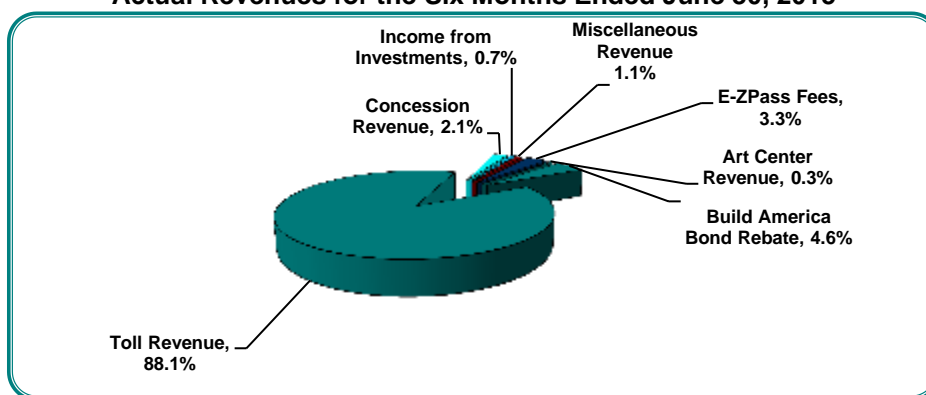
¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

Total expenditures in the Construction Fund for the six months ended June 30, 2015 were approximately \$349,231,000. Expenses included \$59,288,000 for the Turnpike Interchange 6-9 Widening Project, \$46,184,000 for the Parkway 35-63 Widening Project, \$43,815,000 for the Turnpike Interchange 14A Reconstruction Project, and \$35,429,000 for the Authority Phase II Facilities Improvements Program. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,336,310,000.

**Comparison of Projected Revenues to Actual Revenues
For the Six Months Ended June 30, 2015**

	Projections	Unaudited Actual
<i>Toll Revenue</i>	713,948,000	719,420,000
<i>Concession Revenue</i>	16,836,000	17,275,000
<i>Income from Investments</i>	8,200,000	5,467,000
<i>Miscellaneous Revenue</i>	6,115,000	7,366,000
<i>Build America Bond Subsidy</i>	37,892,000	37,852,000
<i>Arts Center Revenue</i>	2,209,000	2,553,000
<i>E-ZPass Fees</i>	26,300,000	26,677,000
<i>Total Revenues</i>	811,500,000	816,610,000

Actual Revenues for the Six Months Ended June 30, 2015



For the six months ended June 30, 2015, total revenue was \$816,609,000, which was 0.6%, or \$5,109,000 above projections. Toll revenue, concession revenue, miscellaneous revenue, Arts Center revenue and E-ZPass fees have all exceeded projections and offset lower than anticipated income from investments.

Toll revenue for the period was \$719,420,000, which was 0.8%, or \$5,472,000 greater than the projected amount.

Concession revenue consists of revenues generated through the sale of food, gasoline and convenience store items at the service areas located along both roadways. Concession revenue was \$17,275,000, which was \$439,000, or 2.6% above projections. Fuel sales increased 2.7% on the New Jersey Turnpike and revenue was higher than projected due to an increase in the gross profit margin on diesel fuel sales. The Authority receives 50% of the gross profit margin on all diesel fuel sold. New Jersey Turnpike food sales increased 0.8% and convenience store sales increased 3.5% compared to last year even with seven fewer days in the reporting period in 2015. On the Garden State Parkway, convenience store sales increased 177.0% due to the opening of new convenience stores at the Forked River, Monmouth, Cheesequake and Montvale Service Areas in July 2014. However, food sales and fuel sales declined 9.5% and 12.6%, respectively, largely due to the closing of the Atlantic Service Area food service facility on September 29, 2014. The new Atlantic Service Area food facility opened on June 25, 2015.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$5,467,000, which was \$2,733,000 or 33.3% lower than projected. Investment yields are lower than projected as short term interest rates remain at or near historical lows. In addition, the reinvestment rate on maturing debt reserve investments, originally purchased in 2009, was significantly lower due to current market conditions.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park and ride commissions, property rentals, and other items. Revenue for the period was \$7,366,000, which was \$1,251,000 or 20.5% higher than projected primarily due to an increase in surplus land and property sales. In addition, miscellaneous revenue is over budget due to higher advertising revenue, insurance and FEMA recoveries, as well as the new video feed lease.

The Build America Bond Subsidy is a direct payment from the U.S Treasury to the Authority equaling about 32.3% of the interest payable on the Series 2009F and the Series 2010A Bonds. The subsidy received was \$37,852,000, which was \$40,000 lower than projected due to an additional 0.1% cut in the subsidy for federal fiscal year 2015 which was not budgeted.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the six months ended June 30, 2015, revenue was \$2,553,000, which was \$344,000, or 15.6% higher than projected due to the receipt of a variable rent payment, which was not budgeted.

E-ZPass fees consist of monthly membership fees, transponder sales, return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. Revenue of \$26,678,000 was \$378,000, or 1.4%, higher than projected. Continued gains in *E-ZPass* membership have resulted in a 1.9% increase in membership fees when compared to the same period in 2014. In addition, for the six months ended June 30, 2015, administrative fee collections from toll violators increased 16.0% from the same period in 2014.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of June 2015(1)

	<u>Traffic</u>		
	June-15	June-14	% Change
Passenger Vehicles	18,857,000	18,053,000	4.5%
Commercial Vehicles	2,793,000	2,578,000	8.3%
Overall	21,650,000	20,631,000	4.9%

	<u>Revenue</u>		
	June-15	June-14	% Change
Passenger Vehicles	65,261,000	62,389,000	4.6%
Commercial Vehicles	31,932,000	29,112,000	9.7%
Overall	97,193,000	91,501,000	6.2%

(1) Includes un-audited data for the month.

For the month of June 2015, traffic on the Turnpike increased 4.9% and toll revenue increased 6.2% when compared to the same period in 2014. These results are better than CDM Smith's projections of 1.9% and 2.2% for traffic and revenue, respectively, for the month. Traffic and revenue were positively impacted by gas prices, which were \$.94/gallon lower than June 2014, an improving economy and increased traffic from the completion of the Interchange 6 to 9 widening.

For the Six Months Ended June 30, 2015(1)

	<u>Traffic</u>		
	June-15	June-14	% Change
Passenger Vehicles	102,291,000	96,350,000	6.2%
Commercial Vehicles	15,181,000	14,533,000	4.5%
Overall	117,472,000	110,883,000	5.9%

	<u>Revenue</u>		
	June-15	June-14	% Change
Passenger Vehicles	348,177,000	326,398,000	6.7%
Commercial Vehicles	175,509,000	164,876,000	6.4%
Overall	523,686,000	491,274,000	6.6%

(1) Includes un-audited data for the month.

For the six months ended June 30, 2015, traffic increased 5.9% and toll revenue increased 6.6% when compared to the same period in 2014. The increases in traffic and revenue are due to comparatively worse weather conditions in the first three months of 2014 and lower gas prices in 2015. Traffic and revenue were negatively impacted by winter storms Juno and Thor. When excluding these storms, traffic and revenue would have increased 7.0% and 7.7%, respectively, for the six months ended June 30, 2015 exceeding CDM Smith projected increases of 5.6% and 5.2% for traffic and revenue, respectively. Gasoline prices increased \$0.07 in June, marking the fourth month in a row of modest price increases. Despite the small increase, gasoline is averaging \$1.10/gallon or 31% lower than the first six months of 2014.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the six months ended June 30, 2015, the *E-ZPass* usage rate for passenger cars was 80.6%, and for commercial vehicles was 89.8%. This resulted

in an overall *E-ZPass* usage rate of 81.8%. The *E-ZPass* usage rate remains one of the highest in the region reflecting acceptance among commuters and frequent travelers of the *E-ZPass* brand and the convenience provided to the users throughout the Northeast.

**Garden State Parkway
Traffic & Revenue Comparison
For the Month of June 2015(1)**

<u>Toll Transactions</u>			
	<u>June-15</u>	<u>June-14</u>	<u>% Change</u>
Passenger Vehicles	33,376,000	33,336,000	0.1%
Commercial Vehicles	492,000	481,000	2.3%
Overall	<u>33,868,000</u>	<u>33,817,000</u>	<u>0.2%</u>
<u>Revenue</u>			
	<u>June-15</u>	<u>June-14</u>	<u>% Change</u>
Passenger Vehicles	36,054,000	35,909,000	0.4%
Commercial Vehicles	1,523,000	1,465,000	4.0%
Overall	<u>37,577,000</u>	<u>37,374,000</u>	<u>0.5%</u>

(1) Includes un-audited data for the month.

For the month of June 2015, toll transactions on the Parkway increased by 0.2% and toll revenue increased by 0.5% when compared to June 2014. Although Parkway toll transactions and revenue are higher than June of 2014, they are below the projections of 1.1% provided by CDM Smith. Toll transactions and revenue have been negatively impacted by less travel to Atlantic City. Increased toll transactions and revenue north of and including the Raritan toll plaza have largely been offset by declines on the southern stretch of the Parkway

For the Six Months Ended June 30, 2015(1)

<u>Toll Transactions</u>			
	<u>June-15</u>	<u>June-14</u>	<u>% Change</u>
Passenger Vehicles	176,325,000	174,310,000	1.2%
Commercial Vehicles	2,430,000	2,408,000	0.9%
Overall	<u>178,755,000</u>	<u>176,718,000</u>	<u>1.2%</u>
<u>Revenue</u>			
	<u>June-15</u>	<u>June-14</u>	<u>% Change</u>
Passenger Vehicles	188,372,000	186,318,000	1.1%
Commercial Vehicles	7,362,000	7,047,000	4.5%
YTD Toll Revenue	<u>195,734,000</u>	<u>193,365,000</u>	<u>1.2%</u>

(1) Includes un-audited data for the month.

For the six months ended June 30, 2015, toll transactions and revenue on the Garden State Parkway were up 1.2% when compared to the same period in 2014. As with the Turnpike, toll transactions and revenue increased due to more severe weather conditions in 2014 and lower gas prices in 2015. Toll transactions and revenue were negatively impacted by winter storms Juno and Thor in February and March. When adjusting for these storms, Parkway toll transactions and revenue for the six months ended June 30, 2015 would have increased 2.2% and 2.3%, respectively. Toll Transactions and revenue north of and including the Raritan toll plaza have increased 2.1% and 1.8%, respectively, while toll transactions south of this point have declined 0.1% and toll revenue increased only 0.2% compared to the same six months last year.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the six months ended June 30, 2015, the total *E-ZPass* usage rate was 78.8% up from 78.1% in the same period in 2014. The *E-ZPass* usage rate for passenger cars was 78.6%, and for commercial vehicles was 89.4%.

Operating Expenses

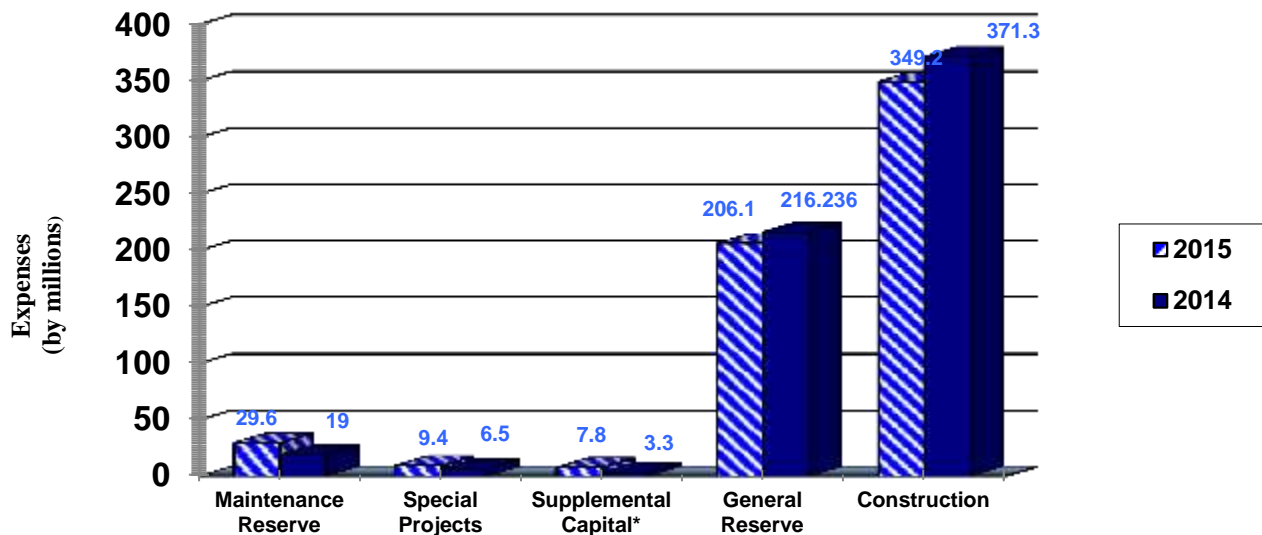
For the Six Months Ended June 30, 2015

	Annual Budget	YTD Expenses
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 179,719,400	\$ 109,652,000
Engineering	9,446,000	4,145,000
Total Maintenance	189,165,400	113,797,000
<u>Toll Collection</u>		
Toll Collection	152,600,500	72,355,000
<u>State Police & Traffic Control</u>		
State Police	66,135,100	33,359,000
Operations	11,039,800	5,325,000
Total State Police and Traffic Control	77,174,900	38,684,000
<u>Technology</u>		
Integrated Technology Services	28,053,600	12,823,000
<u>General & Administrative</u>		
Executive Office	1,101,500	546,000
Law	8,220,400	3,566,000
Purchasing & Materials Management	6,910,800	3,277,000
Human Resources & Office Services	5,769,000	2,688,000
Finance	12,114,800	5,703,000
Patron & Customer Services	1,785,300	823,000
Internal Audit	2,696,900	1,280,000
Total General and Administrative	38,598,700	17,883,000
TOTAL OPERATING	\$ 485,593,100	\$ 255,542,000

Operating expenses are 53.0% of the annual budget and 106% of the YTD budget. Maintenance costs are 122% of the YTD budget due to higher than anticipated costs for snow removal. The Authority has spent approximately \$32.3 million on snow removal costs in 2015 in the Operating budget and an additional \$14.0 million in the General Reserve budget. The Authority will closely monitor discretionary spending and budgetary guidelines throughout the remainder of the year.

Capital Budget and Construction Fund Expenditures For the Six Months Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Maintenance Reserve	\$ 29,599,000	\$ 19,038,000
Special Projects	9,444,000	6,533,000
Supplemental Capital	7,803,000	3,319,000
General Reserve	206,137,000	216,237,000
Capital Budget Total	<u>\$ 252,983,000</u>	<u>\$ 245,127,000</u>
Construction Fund	<u>\$ 349,231,000</u>	<u>\$ 371,300,000</u>
Construction Fund & Capital Budget Total	<u><u>\$ 602,214,000</u></u>	<u><u>\$ 616,427,000</u></u>



Capital Budget projects are classified as Maintenance Reserve, Special Project Reserve and Supplemental Capital. These projects are funded from current or accumulated revenues. The Maintenance Reserve Fund covers the routine upkeep of the Authority's roadways with projects that are directly related to the Turnpike System. These projects consist of major resurfacing, structural repairs, major bridge repairs and painting. The Special Project Reserve Fund covers non-routine maintenance of the roadways and facilities. These projects consist of, but are not limited to, improving the Authority's facilities and technology platform. The Supplemental Capital Fund generally covers roadway and facilities improvements and major technology projects, whereas the General Reserve Fund includes payments to the State of New Jersey and payments for any other corporate purpose, including extraordinary snow expenses.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the six months ended June 30, 2015, total expenditures were approximately \$46,846,000. Expenditures included \$10,884,000 for Turnpike Bridge Repairs, \$7,438,000 for Turnpike Resurfacing, \$7,308,000 for Parkway Bridge Repairs and \$5,543,000 for Radio Replacement Project.

Expenditures from the General Reserve Fund totaled approximately \$206,137,000 and include \$162,000,000 for the State Transportation Capital Plan, \$14,030,000 for Extraordinary Snow, \$13,750,000 for Other Post-Employment Benefits (OPEB) and \$11,000,000 for the Transportation Trust Fund.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the six months ended June 30, 2015 were approximately \$349,231,000. Expenses included \$59,288,000 for the Turnpike 6-9 Widening, \$46,187,000 for the Parkway 35-63 Widening, \$43,815,000 for the Turnpike Interchange 14A Reconstruction project, and \$35,429,000 for the Facilities Improvements Phase II. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,336,310,000. On March 11, 2015 the Authority broke ground on the \$400,000,000 Turnpike Interchange 14A Reconstruction project.